

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2758 - Concrete Plants Tax Exemption (LSB 5153 HV)
Analyst: Dwayne Ferguson (Phone: [515] 281-6561) (dwayne.ferguson@legis.state.ia.us)
Fiscal Note Version – New
Requested by Representative Danny Carroll

Description

House File 2758 results in concrete batch plants and hot-mix asphalt facilities being exempt from property tax.

Background

There are 250 concrete batch plants that are assessed in 43 counties and five cities. Of these, 154 plants are taxed as property, and 96 are not taxed as property. Mannatt's Concrete Company sued the Board of Review of Buchanan County claiming its concrete batch plant was machinery and equipment and should not be taxed as property. The Iowa District Court in and for Buchanan County ruled the Mannatt's concrete batch plant was machinery and equipment and exempt from property tax.

One hot-mix asphalt facility has been identified as being taxed as property.

Assumptions

1. The 154 concrete batch plants affected by this Bill have an estimated total taxable value of \$9.1 million. The hot-mix asphalt facility has a taxable value of \$18,000.
2. The consolidated tax rates for the locations of the affected concrete plants will be applied.
3. Taxing authorities whose levies are not at the statutory limit may adjust tax rates to offset the reduction in taxable value.

Fiscal Impact

House File 2758 would reduce property tax revenues for local governments by approximately \$325,000 annually, unless tax rates are adjusted to offset the reduction in taxable value.

Sources

Iowa State Association of Counties
Department of Revenue
Iowa State Association of Assessors

/s/ Holly M. Lyons

March 27, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
